

Message Text

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C O N F I D E N T I A L STOCKHOLM 1301

EXDIS

E.O. 11652: GDS

TAGS: ENRG, SW

SUBJECT: SWEDISH POSITION ON IEA AGREEMENT ON ACCELERATED
DEVELOPMENT

REF: (A) STATE 60040; (B) STOCKHOLM 1271

1. I ASKED COMMERCE MINISTER KJELL-OLOF FELDT REGARDING
THE EVOLUTION OF SWEDISH POSITION ON THE FLOOR PRICE ISSUE.
IN MAKING THIS INQUIRY, I PRESENTED USG VIEWS AS PER PARA 3
OF DEPARTMENT'S INSTRUCTIONS.

2. FELDT SAID HE WISHED TO STRESS SWEDISH AGREEMENT WITH
IEA OBJECTIVES, I.E. NEED TO ACCELERATE ENERGY INVESTMENT,
PROTECT INVESTORS, COORDINATE R/O, AND COOPERATE IN
INDUSTRIAL PROJECTS. THE PROBLEMS, HE SAID, WERE THE
FOLLOWING: (A) TIMING. SWEDEN HAS STUDIED MATTER AND GONE
THROUGH DECISION MAKING PROCEDURES -- WHICH IT MUST BECAUSE
IT IS A BINDING INTERNATIONAL AGREEMENT -- BUT GOS HAS ITS
OWN ENERGY BILL AND FLOOR PRICE DOES NOT ENTER INTO THEIR
PLANS. ON HORT NOTICE, GOS HAS DIFFICULTY IN AGREEING
TO MINIMUM PRICE CONCEPT. (B) PURPOSE. SWEDEN, HE SAID,
DOES NOT FULLY UNDERSTAND THE PURPOSE WHICH WILL BE SERVED
WITH A FLOOR PRICE. HE NOTED THAT THERE ARE MANY COUNTRIES
INVOLVED IN IEA BUT THEY DO NOT MAKE UP ALL OF CONSUMERS
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PAGE 02 STOCKH 01301 181728Z

AND FOR SWEDEN ABOUT 10 PERCENT OF OIL IMPORTS ARE FROM

SOVIET UNION. SWEDEN, HE SAID, WANTS TO KNOW HOW THE FLOOR PRICE SCHEME WILL FUNCTION. (C) REACTION OF PRODUCERS. HE ASKED RHETORICALLY IF FLOOR PRICE WAS A GUARANTEE FOR PRODUCERS; AND THEN ANSWERED IN THE NEGATIVE. HE FELT SWEDEN AND OTHERS MUST STUDY CONSEQUENCES AND EFFECTS OF FLOOR PRICE, NOTING THAT PRICE AND OUTPUT ARE CLOSELY LINKED. HE WONDERED WHETHER THIS SUBJECT MIGHT BETTER BE DISCUSSED WITH PRODUCERS BEFORE MAKING A DECISION.

3. FELDT ADDED THAT SOLIDARITY OF CONSUMERS IS NOT ENOUGH REASON FROM SWEDISH VIEWPOINT TO AGREE TO FLOOR PRICE CONCEPT. AT SAME TIME, HE STRESSED THAT SWEDEN DOES NOT INTEND TO BE AN OBSTACLE TO THE PROGRAM.

4. SWEDISH PLANS ON ENERGY, FELDT SAID, INCLUDED IN ADDITION TO BUILDING NEW NUCLEAR ENERGY PLANTS, THE IMPOSITION OF NEW TAXES ON IMPORTED ENERGY. SWEDEN, HE SAID, WAS PROCEEDING TO MEET IEA OBJECTIVES OF ACCELERATING DEVELOPMENT OF ENERGY RESOURCES.

5. IN CONCLUSION, FELDT INDICATED HIS MIND WAS NOT CLOSED ON WAYS FOR IEA TO MEET ACCELERATED ENERGY OBJECTIVES.

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